

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Nakano Analyst: Marion Mann DeJong Bill Number: AB 2065

Related Bills: See Prior Analysis Telephone: 845-6979 Amended Date: 04/24/2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Persons Who Own and Occupy Residence Located Within Noise Impact Boundary of Noise Problem Airport Credit/FTB Report to Legislature Annually

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED March 27, 2000, STILL APPLIES.

OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL), this bill would provide a \$500 tax credit for taxpayers who own and occupy a residence located within the Noise Impact Boundary of a Noise Problem Airport with an annual Community Noise Equivalent Level of 65 decibels or greater.

SUMMARY OF AMENDMENT

The April 24, 2000, amendments clarified where the residence must be located to qualify for the credit, specified how to divide the credit between owners, limited the carryover, and added a reporting requirement for the Franchise Tax Board (FTB). These amendments resolved the concerns raised in the department's analysis of the bill as amended March 27, 2000. The information under "Effective Date," "Program History/Background," the current law discussion under "Specific Findings," and "Fiscal Impact" from the prior analysis still apply. The remainder of that analysis is replaced with the following. The discussion under "Fiscal Impact" and "Board Position" are reiterated below.

SPECIFIC FINDINGS

Under the PITL this bill would provide a \$500 tax credit to a "qualified taxpayer." A "qualified taxpayer" would mean an individual who owns and occupies a "qualified residence."

A "qualified residence" would mean a residence that is located within the Noise Impact Boundary of a Noise Problem Airport with an annual Community Noise Equivalent Level of 65 decibels or greater, calculated in accordance with the California Code of Regulations (Section 5001(d) of Title 21).

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

5/3/00

Noise Impact Boundary and Noise Problem Airport would be defined by the California Code of Regulations (Section 5001(l) and (n), respectively, of Title 21). Under these regulations, the California Department of Transportation (Caltrans) currently develops contour maps that show noise impact boundaries around noise problem airports. A noise problem airport is an airport declared to have a noise problem by the county in which it is located. The contour maps indicate areas that are located within the 65-decibel level of airport noise.

If the qualified taxpayer owned and occupied a residence for less than the full taxable year, the \$500 credit would be allowed at one-twelfth of the credit amount for each full month that the qualified taxpayer owned and occupied the qualified residence.

Only one credit would be allowed per qualified residence per taxable year. In the case of two or more owners, the credit would be divided equally between them. Any credit in excess of net tax could be carried forward up to eight years.

Implementation Considerations

Implementing this bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the department's normal annual update.

The department would work with Caltrans to establish procedures to share information that would assist the department with verifying that a taxpayer owns a residence within the specified area and thus qualifies for the credit.

FISCAL IMPACT

Departmental Costs

This bill would not significantly impact the department's costs.

Tax Revenue Estimate

The April 24, 2000, amendments did not change the revenue estimate in the department's prior analysis since the prior estimate assumed that only those residences within the 65 decibel level of a noise problem airport would qualify for the credit. The prior estimate also assumed that credits would be used within eight years. Thus, the estimated \$9 million annual revenue loss still applies.

LEGISLATIVELY MANDATED REPORTS

This bill would require FTB to report annually to the Legislature on the number of taxpayers claiming this credit.

BOARD POSITION

Pending.